

Glaston Interim Report 1 January – 31 March 2015: Net sales grew 28%, result improved

Key points 1 January - 31 March 2015

- Orders received in January-March totalled EUR 25.8 (26.4) million.
- The order book on 31 March 2015 was EUR 55.1 (41.3) million.
- Consolidated net sales in January-March totalled EUR 29.5 (23.1) million.
- EBITDA, excluding non-recurring items, was EUR 1.7 (0.4) million, i.e. 5.9 (1.7)% of net sales.
- The operating profit was EUR 0.8 (-0.7) million, i.e. 2.6 (-3.2)% of net sales.
- Return on capital employed (ROCE) was 15.3 (-3.7)%.
- Earnings per share were EUR 0.00 (-0.00).
- Glaston's interest-bearing net debt totalled EUR -1.2 (9.0) million.
- Glaston expects that 2015 net sales and operating profit, excluding non-recurring items, will exceed the level of 2014 (in 2014, net sales were EUR 124.5 million and operating profit, excluding non-recurring items, was EUR 4.9 million).

President & CEO Arto Metsänen

"The positive development of Glaston's business continued during the first quarter of 2015. Our net sales grew by 27.7% compared with the corresponding period the previous year and totalled EUR 29.5 million. Our operating profit, excluding non-recurring items, was EUR 0.8 million, the first positive operating Q1 result since 2008.

Demand for our products continued to be strong, particularly in the North American area. After our good order intake in the final quarter of 2014, the situation in other markets levelled off and orders received in the first quarter of 2015 were at the previous year's level.

Of the business areas, both Machines and Services increased their net sales. The Machines segment's profitability growth continued to be a strong sign that our products and product development investments during recent years are fulfilling customers' needs. In addition, our internal processes are developing positively. In the Services segment, profitability fell short of our targets to some extent, mainly due to our investments in developing the Glaston Care concept. In the longer term, this will make our relationship with our customers even closer."

Operating environment

In the first quarter of 2015, Glaston's markets were reasonably active. Good development continued in North America and the EMEA area in both machines and service business. In South America and in Asia, markets were quiet.

Machines

The Machines segment started 2015 with a good order book. Intake of new orders did not continue as briskly, however, during the first quarter. In January-March, customers' activity declined slightly from the previous quarter, but was higher compared to the corresponding period the previous year.

In North America and the EMEA area, the positive development of the markets continued. In March, Glaston closed a deal worth approximately EUR 2 million with a prominent US glass fabricator for an FC500/RC350™ double chamber tempering line. The deal also included a Glaston Care service agreement.

In South America, the stable development of the market continued. In Asia, the market continued to be quiet, both in the Pacific area and in China.

In the review period, machines business increased demand for customer-specific applications, particularly in automotive products. Due to internal development work, the flexibility of production capacity was good.

The Machines segment's January-March net sales totalled EUR 20.4 (14.7) million and the operating profit was EUR 1.7 (-0.8) million. The positive development of operating profit was also influenced by the strong US dollar.

Services

The Services segment's market developed positively in January-March. Glaston's market position remained strong, in both heat treatment and pre-processing machine servicing. In Tools, competition continued to be aggressive. Due to successful customer tests, the company managed to get eminent customerships in Italy, Mexico and the USA.

In upgrade products, the first quarter was quieter than usual, due to an excellent order intake in the final quarter of 2014. Despite this, sales continued to be brisk in North America and the EMEA area. In the review period, Glaston closed significant upgrade product deals in the USA and Mexico. In South America and in Asia, the market situation remained difficult.

In spare parts sales, the main challenges were in spare parts sales of heat treatment machines in China and Russia. Other product groups developed positively.

In the review period, new products were developed, particularly in bending applications. In Tools, product development was focused on developing new high-speed products in the automotive customer segment.

In January-March, the Services segment's net sales totalled EUR 9.5 (8.9) million and the operating profit was EUR 1.0 (1.4) million. Development of the operating profit was influenced particularly by lower margins in tool sales and investments in the Glaston Care concept.

Orders received and order book

Glaston's order intake during the first quarter totalled EUR 25.8 (26.4) million. Of orders received, the Machines segment accounted for 65% and the Services segment for 35%.

Glaston's order book on 31 March 2015 stood at EUR 55.1 (41.3) million. Of the order book, the Machines segment accounted for EUR 52.8 (39.7) million and the Services segment for EUR 2.4 (1.6) million.

Order book, EUR million	31.3.2015	31.3.2014
Machines	52.8	39.7
Services	2.4	1.6
Total	55.1	41.3

Net sales, operating profit and result

Net sales for the review period totalled EUR 29.5 (23.1) million. The Machines segment's net sales in the first quarter totalled EUR 20.4 (14.7) million and the Services segment's net sales totalled EUR 9.5 (8.9) million.

Net sales, EUR million	1-3/2015	1-3/2014	2014
Machines	20.4	14.7	87.1
Services	9.5	8.9	39.2
Other and internal sales	-0.4	-0.5	-1.8
Total	29.5	23.1	124.5

Net sales in the EMEA area totalled EUR 13.6 million, representing 50% growth compared with the corresponding period the previous year. In the Americas, net sales grew 54% to EUR 11.8 million. In Asia, the weak development of net sales continued. First-quarter sales totalled EUR 4.1 million, i.e. 14% of the Group's net sales.

The operating profit was EUR 0.8 (-0.7) million, i.e. 2.6 (-3.2)% of net sales. In January-March, the Machines segment's operating profit was EUR 1.7 (-0.8) million and the Services segment's operating profit was EUR 1.0 (1.4) million.

EBIT, EUR million	1-3/2015	1-3/2014	2014
Machines	1.7	-0.8	4.3
Services	1.0	1.4	5.2
Parent, eliminations	-2.0	-1.3	-4.6
EBIT, excluding non-recurring items	0.8	-0.7	4.9
Non-recurring items	-	-	-0.6
EBIT	0.8	-0.7	4.3

The Group's net financial items totalled EUR -0.6 (0.1) million. In the review period, income taxes totalled EUR -0.1 (-0.1).

In January-March, the result was a profit of EUR 0.1 (0.7 loss) and the return on capital employed (ROCE) was 15.3 (-3.7)%.

Earnings per share

Earnings per share in the first quarter were EUR 0.00 (-0.00).

Financial position, cash flow and financing

At the end of the first quarter, the Group's liquid funds totalled EUR 16.3 (15.2) million. Interest-bearing net debt totalled EUR -1.2 (9.0) million and net gearing was -2.5 (18.2)%.

At the end of March, the consolidated asset total was EUR 130.9 (123.6) million. The equity attributable to the owners of the parent was EUR 48.9 (49.3) million. The share issue-adjusted equity per share was EUR 0.25 (0.26). Return on equity in January-March was 0.8 (-5.8)%.

Cash flow from operating activities, before the change in working capital, was EUR 1.1 (0.1) million in January-March. The change in working capital was EUR -4.4 (0.1) million. In January-March, cash flow from investing activities was EUR -1.6 (-0.6) million and cash flow from financing activities was EUR -0.0 (-0.8) million.

Glaston has a long-term financing agreement, valid until 31 January 2016. The covenants used in the financing agreement are interest cover, net debt/EBITDA, cash and cash equivalents, and gross capital expenditure. The covenants will be monitored, depending on the covenant, monthly, quarterly, semi-annually or annually.

Capital expenditure, depreciation and amortisation

Glaston's gross capital expenditure totalled EUR 1.6 (0.6) million. The most significant investments in the review period related to the previously announced production expansion project in China. Depreciation and amortisation on property, plant and equipment, and on intangible assets totalled EUR 1.0 (1.1) million.

Changes in the company's management

Pekka Hytti, Senior Vice President, EMEA area, was appointed to the Executive Management Group as of 2 March 2015.

Employees

Profitable growth as well as the industry's best customer experience are Glaston's strategic priorities. To support these, personnel were added in production and planning in Finland and in field service in the EMEA area and North America. Glaston had a total of 611 (589) employees on 31 March 2015.

Of the Group's employees, 25% worked in Finland and 27% elsewhere in the EMEA area, 32% in Asia and 16% in the Americas. In review period, the average number of employees was 606 (588).

Annual General Meeting

The Annual General Meeting of Glaston Corporation was held in Helsinki on 26 March 2015. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January – 31 December 2014. In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that a return of capital of EUR 0.20 be paid. The record date of the payment was 30 March 2015 and return of capital will be paid 28 April 2015.

The Annual General Meeting discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2014.

The number of the Members of the Board of Directors was resolved to be six. The General Meeting decided to re-elect all current Members of the Board of Directors, Andreas Tallberg, Teuvo Salminen, Claus von Bonsdorff, Anu Hämäläinen, Kalle Reponen and Pekka Vauramo as Members of the Board of Directors for the following term ending at the closing of the next Annual General Meeting.

After the Annual General Meeting, the Board of Directors held an organising meeting, at which it elected Andreas Tallberg as Chairman of the Board and Teuvo Salminen as Deputy Chairman of the Board.

The Annual General Meeting resolved that the annual remuneration payable to Members of the Board of Directors would remain as follows: The Chairman of the Board shall be paid EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000.

The Annual General Meeting elected Authorised Public Accountants Ernst & Young Oy as the company's auditor, with Authorised Public Accountant Harri Pärssinen as the main responsible auditor.

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares.

The authorisation does not exclude the Board of Directors' right to decide on a directed issue. It was proposed that the authorisation be used for executing or financing arrangements important from the company's point of view, such as business arrangements or investments, or for other such purposes

determined by the Board of Directors in which a weighty financial reason would exist for issuing shares, options or other rights granting entitlement to shares and possibly directing a share issue.

The Board of Directors is authorised to resolve on all other terms and conditions of the issuance of shares, options and other rights entitling to shares as referred to in Chapter 10 of the Companies Act, including the payment period, grounds for the determination of the subscription price and the subscription price or allocation of shares, options or other rights without payment or that the subscription price may be paid besides in cash also by other assets either partially or entirely.

The authorisation is valid until 30 June 2016 and it invalidates earlier authorisations.

Shares and share prices

Glaston Corporation's paid and registered share capital on 31 March 2015 was EUR 12.7 million and the number of issued and registered shares totalled 193,708,336. The company has one series of share. At the end of March, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of treasury shares is EUR 51,685.

Every share that the company does not hold itself entitles its owner to one vote at a General Meeting of Shareholders. The share has no nominal value. The counter book value of each registered share is EUR 0.07.

During the first quarter of the year, approximately 32.2 million of the company's shares were traded, i.e. around 18% of the average number of registered shares. The lowest price paid for a share was EUR 0.37 (0.39) and the highest price EUR 0.60 (0.43). The volume-weighted average price of shares traded during January-March was EUR 0.50 (0.41). The closing price on 31 March 2015 was EUR 0.58 (0.40).

On 31 March 2015, the market capitalisation of the company's registered shares, treasury shares excluded, was EUR 111.9 (77.2) million. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.25 (0.26).

Flagging notifications

During the first quarter of 2015, Glaston was informed of the following three notifications pursuant of Chapter 9 Section 5 of the Securities Market Act:

27 January 2015: Finnish Industry Investment Ltd's holding of Glaston Corporation's total number of shares and votes has fallen below 5%.

10 March 2015: Hymy Lahtinen Oy's holding of Glaston Corporation's total number of shares and voting rights has risen above 10%.

31 March 2015: The holding of Jeppe Lahtinen and Hymy Lahtinen Oy, which is controlled by Jeppe Lahtinen, of Glaston Corporation's total number of shares and voting rights has risen above 10%.

Uncertainties and risks in the near future

The company operates in markets in which political and economic uncertainty arise. Market uncertainty may impact the timing of large machine orders as well as customers' willingness to invest.

The instability of the global economy and its impact on the development of the sector have been taken into account in the short-term forecasts. If the recovery of the sector slows, this will have a negative impact on future cash flows. Glaston performs annual goodwill impairment testing during the final quarter of the year. In addition, goodwill impairment testing is performed if there are indications of impairment. Due to prolonged market uncertainty, it is possible that Glaston's recoverable amounts will be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognise an impairment loss, which, when implemented, will weaken the result and equity.

Glaston has on its balance sheet a total of approximately EUR 3.8 million of unimpaired loan, interest and trade receivables from a counterparty whose financial situation is uncertain. Glaston is continuously monitoring the situation and will recognise an impairment of these receivables, if necessary.

Glaston is continually reviewing different options for developing its pre-processing business. Non-recurring costs may arise from this.

The 2014 Annual Report contains a more detailed account of Glaston's risks and risk management.

Outlook

We continue to expect that the market will grow moderately in 2015. We expect growth, particularly in sales of heat treatment machines in the EMEA area and in North America. We expect that the stable development of the South American market will continue. The outlook for the Asian market remains good, despite a temporary setback. A cautious pick-up of the market was perceptible, however, at the end of the first quarter. We still expect the Asian market to recover in the second half of the year.

We expect that 2015 net sales and operating profit, excluding non-recurring items, will exceed the level of 2014 (in 2014, net sales were EUR 124.5 million and operating profit, excluding non-recurring items, was EUR 4.9 million).

Helsinki, 23 April 2015

Glaston Corporation
Board of Directors

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Glaston Corporation

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Glaston Corporation

Glaston is a global company developing glass processing technology for architectural, solar, appliance and automotive applications. Our product portfolio ranges from pre-processing and safety glass machines to services. We are dedicated to our customers' continued success and provide services for all glass processing needs with a lifecycle-long commitment in mind. Further information is available at www.glaston.net. Glaston's share (GLA1V) is listed on the NASDAQ OMX Helsinki Small Cap List.

Distribution:

NASDAQ OMX Helsinki Oy

Key media

www.glaston.net

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY - 31 MARCH 2015

These interim financial statements are not audited. As a result of rounding differences, the figures presented in the tables may not add up to the total.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	<u>31.3.2015</u>	<u>31.3.2014</u>	<u>31.12.2014</u>
Assets			
Non-current assets			
Goodwill	36.8	36.8	36.8
Other intangible assets	7.6	8.4	7.8
Property, plant and equipment	8.8	6.7	7.5
Available-for-sale assets	0.4	0.3	0.4
Loan receivables	1.8	1.8	1.8
Deferred tax assets	3.1	3.8	3.0
Total non-current assets	58.5	57.7	57.2
Current assets			
Inventories	28.1	23.5	21.8
Receivables			
Trade and other receivables	27.7	26.5	29.3
Assets for current tax	0.4	0.7	0.3
Total receivables	28.1	27.1	29.6
Cash equivalents	16.3	15.2	20.0
Total current assets	72.5	65.8	71.5
Total assets	130.9	123.6	128.7

EUR million	<u>31.3.2015</u>	<u>31.3.2014</u>	<u>31.12.2014</u>
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1
Reserve for invested unrestricted equity	43.5	47.3	47.3
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	0.1	0.1	0.1
Retained earnings and exchange differences	-29.6	-32.1	-32.8
Net result attributable to owners of the parent	0.1	-0.7	1.2
Equity attributable to owners of the parent	48.9	49.3	50.5
Non-controlling interest	0.3	0.3	0.3
Total equity	49.2	49.6	50.8
Non-current liabilities			
Non-current interest-bearing liabilities	7.5	11.6	7.5
Non-current interest-free liabilities and provisions	2.7	2.5	2.9
Deferred tax liabilities	1.0	0.9	1.1
Total non-current liabilities	11.2	15.0	11.4
Current liabilities			
Current interest-bearing liabilities	7.6	12.6	7.6
Current provisions	3.2	3.0	3.3
Trade and other payables	59.0	43.1	55.1

Liabilities for current tax	0.7	0.2	0.5
Total current liabilities	70.5	59.0	66.4
Total liabilities	81.7	74.0	77.8
Total equity and liabilities	130.9	123.6	128.7

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	<u>1-3/2015</u>	<u>1-3/2014</u>	<u>1-12/2014</u>
Net sales	29.5	23.1	124.5
Other operating income	0.2	0.2	0.9
Expenses	-28.0	-22.9	-116.8
Depreciation, amortization and impairment	-1.0	-1.1	-4.3
Operating result	0.8	-0.7	4.3
Financial items, net	-0.6	0.1	-0.7
Result before income taxes	0.2	-0.7	3.6
Income taxes	-0.1	-0.1	-2.4
Profit / loss for the period	0.1	-0.7	1.1
Attributable to:			
Owners of the parent	0.1	-0.7	1.2
Non-controlling interest	-0.0	-0.0	-0.0
Total	0.1	-0.7	1.1
Earnings per share, EUR, basic and diluted	0.00	-0.00	0.01
Operating result, continuing operations , as % of net sales	2.6	-3.2	3.4
Profit / loss for the period, as % of net sales	0.3	-3.1	0.9
Non-recurring items included in operating result	-	-	-0.6
Operating result, non-recurring items excluded	0.8	-0.7	4.9
Operating result, non-recurring items excluded, as % of net sales	2.6	-3.2	3.9

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

EUR million	<u>1-3/2015</u>	<u>1-3/2014</u>	<u>1-12/2014</u>
Profit / loss for the period	0.1	-0.7	1.1
Other comprehensive income that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	2.1	-0.3	1.2
Fair value changes of available-for-sale assets	0.0	0.0	0.0
Income tax on other comprehensive income	-0.0	-0.0	-0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Exchange differences on actuarial gains and losses arising from defined benefit plans	-0.0	-0.0	-0.0
Actuarial gains and losses arising from defined benefit plans	-	-	-0.2
Other comprehensive income for the reporting period, net of tax	2.1	-0.3	0.9
Total comprehensive income for the reporting period	2.2	-1.1	2.1
Attributable to:			
Owners of the parent	2.2	-1.0	2.1
Non-controlling interest	0.0	-0.0	0.0
Total comprehensive income for the reporting period	2.2	-1.1	2.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>1-3/2015</u>	<u>1-3/2014</u>	<u>1-12/2014</u>
Cash flows from operating activities			
Cash flow before change in net working capital	1.1	0.1	9.2
Change in net working capital	-4.4	0.1	7.4
Net cash flow from operating activities	-3.3	0.2	16.6
Cash flow from investing activities			
Other purchases of non-current assets	-1.6	-0.6	-3.6
Proceeds from sale of business	-	-	1.5
Proceeds from sale of other non-current assets	0.0	0.0	0.1
Net cash flow from investing activities	-1.6	-0.6	-2.0
Cash flow before financing	-4.9	-0.4	14.6
Cash flow from financing activities			
Decrease in non-current liabilities	-0.0	-0.0	-4.2
Changes in loan receivables (increase - / decrease +)	-	0.0	0.0
Increase in short-term liabilities	5.0	-	30.0
Decrease in short-term liabilities	-5.0	-0.8	-35.8
Dividends paid	-	-	-1.9
Net cash flow from financing activities	-0.0	-0.8	-11.8
Effect of exchange rate changes	1.1	-0.0	0.9

Net change in cash and cash equivalents	-3.8	-1.2	3.7
Cash and cash equivalents at the beginning of period	20.0	16.4	16.4
Cash and cash equivalents at the end of period	16.3	15.2	20.0
Net change in cash and cash equivalents	-3.8	-1.2	3.7

Proceeds from divestment of businesses:

EUR million	2015	2014
Purchase consideration received in cash	-	1.5
Expenses related to the sale, paid during the year	-	-
Cash and cash equivalents of divested subsidiaries	-	-
Net cash flow	-	1.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2014	12.7	25.3	47.3	-3.3	0.2	-32.3	0.5	50.4	0.3	50.7
Total compr. income for the period	-	-	-	-	-0.0	-0.7	-0.3	-1.0	-0.0	-1.1
Equity at 31 March, 2014	12.7	25.3	47.3	-3.3	0.2	-33.0	0.2	49.3	0.3	49.6

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2015	12.7	25.3	47.3	-3.3	0.2	-33.3	1.6	50.5	0.3	50.8
Total compr. income for the period	-	-	-	-	0.0	0.1	2.1	2.2	0.0	2.2
Return of equity	-	-	-3.9	-	-	-	-	-3.9	-	-3.9
Equity at 31 March, 2015	12.7	25.3	43.5	-3.3	0.2	-33.2	3.7	48.9	0.3	49.2

KEY RATIOS

	<u>31.3.2015</u>	<u>31.3.2014</u>	<u>31.12.2014</u>
EBITDA, as % of net sales ⁽¹⁾	5.9	1.7	6.9
Operating result (EBIT), as % of net sales	2.6	-3.2	3.4
Profit / loss for the period, as % of net sales	0.3	-3.1	0.9
Gross capital expenditure, EUR million	1.6	0.6	3.6
Gross capital expenditure, as % of net sales	5.4	2.6	2.9
Equity ratio, %	45.3	46.0	47.7
Gearing, %	30.6	48.7	29.6
Net gearing, %	-2.5	18.2	-9.8
Net interest-bearing debt, EUR million	-1.2	9.0	-5.0
Capital employed, end of period, EUR million	64.3	73.8	65.9
Return on equity, %, annualized	0.8	-5.8	2.2
Return on capital employed, %, annualized	15.3	-3.7	7.9
Number of personnel, average	606	588	592
Number of personnel, end of period	611	589	592

(1) EBITDA = Operating result + depreciation, amortization and impairment

PER SHARE DATA

	<u>31.3.2015</u>	<u>31.3.2014</u>	<u>31.12.2014</u>
Number of registered shares, end of period, treasury shares excluded (1,000)	192,920	192,920	192,920
Number of shares issued, end of period, adjusted with share issue, treasury shares excluded (1,000)	192,920	192,920	192,920
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	192,920	192,920	192,920
EPS, basic and diluted, adjusted with share issue, EUR	0.00	-0.00	0.01
Adjusted equity attributable to owners of the parent per share, EUR	0.25	0.26	0.26
Capital repayment per share, EUR	-	-	0.02
Capital repayment ratio, %	-	-	335.4
Capital repayment yield	-	-	5.3
Price per adjusted earnings per share (P/E) ratio	966.8	-109.0	63.7
Price per adjusted equity attributable to owners of the parent per share	2.29	1.56	1.45
Market capitalization of registered shares, EUR million	111.9	77.2	73.3
Share turnover, % (number of shares traded, % of the average registered number of shares)	17.7	2.6	23.9
Number of shares traded, (1,000)	34,214	5,082	46,061
Closing price of the share, EUR	0.58	0.40	0.38
Highest quoted price, EUR	0.60	0.43	0.45
Lowest quoted price, EUR	0.37	0.39	0.32
Volume-weighted average quoted price, EUR	0.50	0.41	0.38

DEFINITIONS OF KEY RATIOS

Per share data

Earnings per share (EPS), continuing operations:

Net result of continuing operations attributable to owners of the parent / Adjusted average number of shares

Earnings per share (EPS), discontinued operations:

Net result of discontinued operations attributable to owners of the parent / Adjusted average number of shares

Earnings per share (EPS):

Net result attributable to owners of the parent / Adjusted average number of shares

Diluted earnings per share:

Net result attributable to owners of the parent adjusted with the result effect of the convertible bond / Adjusted average number of shares, dilution effect of the convertible bond taken into account

Dividend per share*:

Dividends paid / Adjusted number of issued shares at end of the period

Dividend payout ratio*:

(Dividend per share x 100) / Earnings per share

Dividend yield*:

(Dividend per share x 100) / Share price at end of the period

Equity attributable to owners of the parent per share:

Equity attributable to owners of the parent at end of the period / Adjusted number of shares at end of the period

Average trading price:

Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):

Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:

Share price at end of the period / Equity attributable to owners of the parent per share

Share turnover:

The proportion of number of shares traded during the period to weighted average number of shares

Market capitalization:

Number of shares at end of the period x share price at end of the period

Number of shares at period end:

Number of issued shares - treasury shares

*The definition is also applied with return of capital

Financial ratios

EBITDA:

Profit / loss of continuing operations before depreciation, amortization and impairment, share of associates' results included

Operating result (EBIT):

Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included

Operating result (EBIT) excluding non-recurring items:

Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included, non-recurring items excluded

Cash and cash equivalents:

Cash + other financial assets (includes cash and cash equivalents classified as held for sale)

Net interest-bearing debt:

Interest-bearing liabilities (includes interest-bearing liabilities classified as held for sale) - cash and cash equivalents

Financial expenses:

Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities (total of continuing and discontinued operations)

Equity ratio, %:

Equity (Equity attributable to owners of the parent + non-controlling interest) x 100 / Total assets - advance payments received

Gearing, %:

Interest-bearing liabilities x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %:

Net interest-bearing debt x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE):

Profit / loss before taxes + financial expenses x 100 / Equity + interest-bearing liabilities, average of 1 January and end of the reporting period

Return on equity, % (ROE):

Profit / loss for the reporting period x 100 /

Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period

ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as approved by the European Union. They do not include all of the information required for full annual financial statements.

The accounting principles applied in these interim financial statements are the same as those applied by Glaston in its consolidated financial statements as at and for the year ended 31 December, 2013, with the exception that some new or revised or amended standards and interpretations have been applied from 1 January, 2014.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2015, if EU has approved them:

Annual improvement to IFRSs 2010-2012 and 2011-2013 Cycles

Annual improvements 2012

IFRS 2 Share based payments

IFRS 3 Business combinations

IFRS 8 Operating segments
IFRS 13 Fair value
IAS 16 Property plant and equipment
IAS 24 Related party disclosures
IAS 38 Intangible assets

Annual improvements 2013
IFRS1 First time adoptions of IFRS
IFRS 3 Business combinations
IFRS 13 Fair value measurement
IAS 40 Investment property

The amendments do not have a material impact on the consolidated financial statements.

IAS 19 (amended) Defined Benefit Plans: Employee Contributions

The amended applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions.

The amendment does not have an impact on the consolidated financial statements.

Other new or amended standards or interpretations applicable from 1 January, 2015 are not material for Glaston Group.

SEGMENT INFORMATION

The reportable segments of Glaston are Machines and Services. Software Solutions segment, which has previously belonged to reportable segments is presented as discontinued operations. Glaston follows the same commercial terms in transactions between segments as with third parties.

The reportable segments consist of operating segments, which have been aggregated in accordance with the criteria of IFRS 8.12. Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar, as well as the type or class of customers. Also the methods to distribute products or to provide services are similar.

On 1 January 2014, Glaston transferred sales of tools from the Machines segment to the Services segment.

The Machines segment has been divided into two operating segments: Heat Treatment, which comprises manufacturing and sales of glass tempering, bending and laminating machines, and Pre-processing, which comprises manufacturing and sales of glass pre-processing machines.

The Services segment comprises glass processing machine maintenance and service operations, sales of machine upgrades and spare parts, and manufacturing and sales of tools.

The unallocated operating result consists of head office operations of the Group.

The non-recurring items of January-December 2014, in total EUR 0.6 million negative, consist of the adjustment of the final sales price of the 2013 Software Solutions business area sales.

Segment assets include external trade receivables and inventory, and segment liabilities include external trade payables and advance payments received. In addition, segment assets and liabilities include business related prepayments and accruals as well as other business related receivables and liabilities. Segment assets and liabilities do not include loan receivables, prepayments and receivables related to financial items, interest-bearing liabilities, accruals and liabilities related to financial items, income and deferred tax assets and liabilities nor cash and cash equivalents.

Machines

EUR million	1-3/2015	1-3/2014	1-12/2014
External sales	20.4	14.7	87.0
Intersegment sales	0.0	-0.0	0.1
Net sales	20.4	14.7	87.1
EBIT excluding non-recurring items	1.7	-0.8	4.3
EBIT-%, excl. non-recurring items	8.4	-5.5	4.9
Non-recurring items	-	-	-
EBIT	1.7	-0.8	4.3
EBIT-%	8.4	-5.5	4.9
Net working capital	14.0	17.5	9.6
Number of personnel, average	363	349	351
Number of personnel, end of period	366	350	354

Services

EUR million	1-3/2015	1-3/2014	1-12/2014
External sales	9.1	8.4	37.5
Intersegment sales	0.4	0.6	1.7
Net sales	9.5	8.9	39.2
EBIT excluding non-recurring items	1.0	1.4	5.2
EBIT-%, excl. non-recurring items	10.6	15.9	13.3
Non-recurring items	-	-	-
EBIT	1.0	1.4	5.2
EBIT-%	10.6	15.9	13.3
Net working capital	31.4	30.8	29.6
Number of personnel, average	228	227	229
Number of personnel, end of period	230	228	226

Glaston Group

Net sales

EUR million	1-3/2015	1-3/2014	1-12/2014
Machines	20.4	14.7	87.1
Services	9.5	8.9	39.2
Other and intersegment sales	-0.4	-0.5	-1.8
Glaston Group total	29.5	23.1	124.5

EBIT

EUR million	1-3/2015	1-3/2014	1-12/2014
Machines	1.7	-0.8	4.3
Services	1.0	1.4	5.2
Other and eliminations	-2.0	-1.3	-4.6
EBIT excluding non-recurring items	0.8	-0.7	4.9
Non-recurring items	-	-	-0.6
EBIT	0.8	-0.7	4.3
Net financial items	-0.6	0.1	-0.7
Result before income taxes	0.2	-0.7	3.6
Income taxes	-0.1	-0.1	-2.4
Net result	0.1	-0.7	1.1
Number of personnel, average	606	588	592
Number of personnel, end of period	611	589	592

Segment assets

EUR million	1-3/2015	1-3/2014	1-3/2014
Machines	65.1	56.3	60.4
Services	39.9	38.0	38.9
Total segments	104.9	94.3	99.3
Unallocated and eliminations and adjustments	2.4	5.1	2.1
Total segment assets	107.3	99.3	101.4
Other assets	23.6	24.2	27.3
Total assets	130.9	123.6	128.7

Segment liabilities

EUR million	1-3/2015	1-3/2014	1-3/2014
Machines	51.0	38.8	50.8
Services	8.5	7.2	9.2
Total segments	59.5	46.0	60.1
Unallocated and eliminations and adjustments	1.6	2.5	1.1
Total segment liabilities	61.1	48.5	61.2
Other liabilities	20.6	25.5	16.6
Total liabilities	81.7	74.0	77.8

Net working capital

EUR million	1-3/2015	1-3/2014	1-3/2014
Machines	14.0	17.5	9.6
Services	31.4	30.8	29.6
Total segments	45.4	48.3	39.2
Unallocated and eliminations and adjustments	0.8	2.6	1.0
Total Glaston Group	46.2	50.9	40.2

Order intake

EUR million	1-3/2015	1-3/2014	1-3/2014
Machines	16.7	17.6	106.4
Services	9.1	8.8	38.7
Total Glaston Group	25.8	26.4	145.1

Net sales by geographical areas

EUR million	1-3/2015	1-3/2014	1-3/2014
EMEA	13.6	9.0	57.2
Asia	4.1	6.4	23.7
America	11.8	7.7	43.6
Total	29.5	23.1	124.5

QUARTERLY NET SALES, OPERATING RESULT, ORDER INTAKE AND ORDER BOOK**Machines**

EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
External sales	20.4	28.6	17.3	26.4	14.7
Intersegment sales	0.0	0.1	0.0	-	-0.0
Net sales	20.4	28.6	17.3	26.4	14.7
EBIT excluding non-recurring items	1.7	2.2	0.8	2.1	-0.8
EBIT-%, excl. non-recurring items	8.4	7.5	4.7	8.1	-5.5
Non-recurring items	-	-	-	-	-
EBIT	1.7	2.2	0.8	2.1	-0.8
EBIT-%	8.4	7.5	4.7	8.1	-5.5

Services

EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
External sales	9.1	12.2	8.2	8.7	8.4
Intersegment sales	0.4	0.5	0.4	0.3	0.6
Net sales	9.5	12.7	8.6	9.0	8.9
EBIT excluding non-recurring items	1.0	1.5	1.1	1.2	1.4
EBIT-%, excl. non-recurring items	10.6	12.0	13.3	12.7	15.9
Non-recurring items	-	-	-	-	-
EBIT	1.0	1.5	1.1	1.2	1.4
EBIT-%	10.6	12.0	13.3	12.7	15.9

Net sales

EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Machines	20.4	28.6	17.3	26.4	14.7
Services	9.5	12.7	8.6	9.0	8.9
Other and intersegment sales	-0.4	-0.6	-0.4	-0.3	-0.5
Glaston Group total	29.5	40.8	25.5	35.2	23.1

EBIT					
EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Machines	1.7	2.2	0.8	2.1	-0.8
Services	1.0	1.5	1.1	1.2	1.4
Other and eliminations	-2.0	-1.2	-0.8	-1.3	-1.3
EBIT excluding non-recurring items	0.8	2.5	1.1	2.0	-0.7
Non-recurring items	-	-	-	-0.6	-
EBIT	0.8	2.5	1.1	1.4	-0.7

Order book	31.3.2015	31.12.2014	30.9.2014	30.6.2014	31.3.2014
Machines	52.8	55.8	39.4	33.4	39.7
Services	2.4	2.1	3.7	1.3	1.6
Total Glaston Group	55,1	57.9	43.1	34.7	41.3

Order intake					
EUR million	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Machines	16.7	44.6	23.6	20.7	17.6
Services	9.1	10.9	10.5	8.4	8.8
Total Glaston Group	25.8	55.5	34.1	29.1	26.4

CONTINGENT LIABILITIES

EUR million	<u>31.3.2015</u>	<u>31.3.2014</u>	<u>31.12.2014</u>
Mortgages and pledges			
On own behalf	303.4	302.4	303.7
Guarantees			
On own behalf	7.7	6.6	11.0
On behalf of others	0.0	0.0	0.0
Lease obligations	18.8	19.7	24.2
Repurchase obligations	0.6	-	0.7

Mortgages and pledges include EUR 91.4 million shares in group companies and EUR 45.4 million receivables from group companies.

Glaston Group has international operations and can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

DERIVATIVE INSTRUMENTS

EUR million	<u>31.3.2015</u>		<u>31.3.2014</u>		<u>31.12.2014</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
Commodity derivatives						
Electricity forwards	0.4	-0.1	0.6	-0.1	0.5	-0.1

Derivative instruments are used only for hedging purposes. Nominal values of derivative instruments do not necessarily correspond with the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group. The fair values are based on market valuation on the date of reporting.

PROPERTY, PLANT AND EQUIPMENT

EUR million

Changes in property, plant and equipment	1-3/2015	1-3/2014	1-12/2014
Carrying amount at beginning of the period	7.5	6.9	6.9
Additions	1.2	0.1	1.4
Disposals	-0.0	0.0	-0.0
Depreciation and amortization	-0.3	-0.3	-1.2
Reclassification and other changes	0.0	-	-0.0
Exchange differences	0.4	-0.1	0.3
Carrying amount at end of the period	8.8	6.7	7.5

At the end of March 2015 Glaston has EUR 0.9 million contractual commitments for the acquisition of property, plant and equipment (31.3.2014 0.0; 31.12.2014 1.5).

EUR million

Changes in property, plant and equipment	1-3/2015	1-3/2014	1-12/2014
Carrying amount at beginning of the period	44.6	45.6	45.6
Additions	0.4	0.5	2.2
Disposals	-	-	-0.1
Depreciation and amortization	-0.7	-0.8	-3.1
Impairment losses and reversals of impairment losses	-0.0	-	-
Reclassification and other changes	-0.0	0.0	0.0
Exchange differences	0.1	-0.0	0.1
Carrying amount at end of the period	44.4	45.2	44.6

SHAREHOLDER INFORMATION

20 largest shareholders 31 March, 2015	Number of shares	% of shares and votes
1 Oy G.W.Sohlberg Ab	26,266,100	13.56
2 Etera Mutual Pension Insurance Company	22,593,878	11.66
3 Hymy Lahtinen Oy	20,724,499	10.70
4 Varma Mutual Pension Insurance Company	12,786,643	6.60
5 Evli Finnish Small Cap Fund	8,415,075	4.34
6 Yleisradion Eläkesäätiö S.r.	6,987,579	3.61
7 Nordea Pro Finland Fund	6,350,000	3.28
8 Päivikki and Sakari Sohlberg Foundation	3,965,600	2.05
9 Oy Investsum Ab	3,480,000	1.80
10 Danske Invest Finnish Small Cap Fund	2,744,114	1.42
11 The Central Church Fund	2,700,000	1.39
12 Säästöpankki Pienyhtiöt	2,307,860	1.19
13 Sumelius Bjarne Henning	2,301,504	1.19
14 Sijoitusrahasto Taaleritehdas Mikro Markka	2,200,000	1.14
15 EQ Pikkujättiläiset/ EQ Rahastoyhtiö	2,016,083	1.04
16 Sumelius-Fogelholm Birgitta	1,994,734	1.03
17 Von Christierson Charlie	1,600,000	0.83
18 Oy Nissala Ab	1,500,000	0.77
19 Metsänen Arto Juhani	1,500,000	0.77
20 Sumelius Christer	1,398,533	0.72
20 largest shareholders total	133,832,202	69.09
Common accounts	75,200	0.04
Other shares	59,800,934	30.87
Total	193,708,336	100
Treasury shares	-788,582	0.41
Total excluding treasury shares	192,919,754	

RELATED PARTY TRANSACTIONS

Glaston Group's related parties include the parent and subsidiaries. Related parties also include the members of the Board of Directors and the Group's Executive Management Group, the CEO and their family members. Also the shareholders which have significant influence in Glaston through shareholdings are considered to be related parties as well as the companies controlled by these shareholders.

Glaston follows the same commercial terms in transactions with related parties as with third parties.

During the review period there were no related party transactions whose terms would differ from the terms in transactions with third parties.

Share-based incentive plan

Share-based incentive plan 2015

On 27 January 2015, Glaston's Board of Directors decided Glaston Corporation's Board of Directors has approved a new long-term incentive and commitment scheme for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive scheme is based on the development of Glaston's share price. The scheme covers the years 2015–2017 and the possible rewards will be paid in spring 2018. The incentive scheme for 2015 covers 35 key persons of Glaston.

Share-based incentive plan 2014

On 21 January 2014, Glaston's Board of Directors decided Glaston Corporation's Board of Directors has approved a new long-term incentive and commitment scheme for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive scheme is based on the development of Glaston's share price. The scheme covers the years 2014–2016 and the possible rewards will be paid in spring 2017. The incentive scheme for 2014 covers 34 key persons of Glaston.

FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value include derivatives. Other financial instruments at fair value through profit or loss can include mainly Glaston's current investments, which are classified as held for trading i.e. which have been acquired or incurred principally for the purpose of selling them in the near future. Also available-for-sale financial assets are measured at fair value.

Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period (fair value hierarchy level 1). All Glaston's derivatives are publicly traded.

Listed investments are measured at the market price at the end of the reporting period (fair value hierarchy. level 2). Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment (fair value hierarchy. level 3).

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly

Level 3 = not based on observable market data, fair value equals cost or cost less impairment

During the reporting period there were no transfers between levels 1 and 2 of the fair value hierarchy.

During the reporting period there were no changes in the valuation techniques of levels 2 or 3 of the fair value hierarchy.

Fair value measurement hierarchy, Level 3, changes during the reporting period

EUR million	2015	2014
1 January	0.2	0.2
Impairment losses	-	-
Reclassification	-	-
30 March	0.2	0.2

Financial instruments measured at fair value and included in level 3 of fair value hierarchy had no effect on the profit or loss of the reporting period or on other comprehensive income. These financial instruments are not measured at fair value on recurring basis.

Fair value hierarchy, fair values

EUR million

	31.3.2015	31.3.2014	31.12.2014
Available-for-sale shares			
Level 1	0.1	0.1	0.1
Level 3	0.2	0.2	0.2
	0.4	0.3	0.4
Derivatives			
Level 2	-0.1	-0.1	-0.1